Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

CONFIDENTIAL

PAGE 01 LONDON 07134 051532Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 NEA-11 ISO-00 AID-05 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 ICA-11 XMB-02
OPIC-03 SP-02 OMB-01 NSC-05 SS-15 STR-07 CEA-01
L-03 /110 W
----------027130 060142Z /73
R 051523Z MAY 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5847
TREASURY DEPT WASHDC
AMEMBASSY PARIS
INFO AMEMBASSY BONN
AMEMBASSY TOKYO
AMEMBASSY OTTAWA
AMEMBASSY THE HAGUE
AMEMBASSY BRUSSELS
AMEMBASSY ROME
AMEMBASSY ISLAMABAD
AMEMBASSY TEHRAN

C O N F I D E N T I A L LONDON 07134

USOECD FOR MICHAEL ADLER

E.O. 11652: GDS
TAGS: EFIN, UK, PK
SUBJECT: PAKISTAN REQUEST FOR DEBT RENEGOTIATION

REF: (A) STATE 109392 (B) LONDON 6897

1. TREASURY REPS DISCUSSED SUBSTANCE OF REF A WITH MICHAEL SCHOLAR, ASSISTANT SECRETARY, HM TREASURY. SCHOLAR EXPLAINED THAT HM TREASURY NORMALLY TAKES THE LEAD IN DEBT RENEGOTIATION BUT THAT ODM ALSO PLAYS A MAJOR ROLE. DISCUSSING SUBSTANCE OF U.S. VIEW OF PAKISTAN'S CURRENT ECONOMIC SITUATION (PARA 7 REF A), CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 07134 051532Z

SCHOLAR SAID HE SAW THE SITUATION IN ROUGHLY THE SAME LINES AND WAS IN GENERAL AGREEMENT WITH OUR ASSESSMENT.

2. SCHOLAR SAID THAT ODM UNDER SECRETARY TONY HURRELL (REF B) WOULD BE EXPLAINING IN PARIS THAT THE U.K. HAS NOT YET REACHED A POSITION ON HOW TO TREAT PAKIS-

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

TAN'S REQUEST FOR RESCHEDULING. BY WAY OF BACKGROUND, HE EXPLAINED THAT THE UNCTAD TDB IN MARCH HAD AGREED THAT MEMBERS WOULD CONSIDER RETROSPECTIVE TERMS ADJUSTMENT (RTA). JUDITH HART, MINISTER RESPONSIBLE FOR OVERSEAS DEVELOPMENT MINISTRY, IS VERY ANXIOUS TO PUT RTA INTO EFFECT AS SOON AS POSSIBLE. THIS WOULD BE EQUIVALENT TO WRITE-OFF FOR PAKISTAN OF ODA DEBT.

3. SCHOLAR STRESSED THAT THE U.K. HAD NOT YET DECIDED ON A POSITION ON RTA, BUT IT IS POSSIBLE THAT A DECISION WILL HAVE BEEN REACHED BY THE TIME OF THE JUNE 1-2 MEETING OF THE PAKISTANI CONSORTIUM. IF U.K. DOES DECIDE ON RETROSPECTIVE TERMS ADJUSTMENT (AND IF THIS WERE FOR ALL COUNTRIES WITH A PER CAPITA INCOME UNDER $280 RATHER THAN JUST THE POOREST), THEN THERE WOULD BE NO DEBT OWING FROM PAKISTAN TO THE U.K. ON THE OTHER HAND, IF THE U.K. DECISION IS AGAINST RTA, THEN THE U.K. WILL BE VERY MUCH INVOLVED IN DEBT RENE-GOTIATION WITH PAKISTAN AND AT THAT TIME WILL BE IN A BETTER POSITION TO COMMENT IN SUBSTANCE ON THE U.S. POSITION IN PARAS 1-5 OF REF A.

4. COMMENT: IN REPLY TO OUR QUESTION, SCHOLAR SAID IF THE U.K. DID DECIDE ON RTA, THIS WOULD RESULT IN WRITING OFF ROUGHLY ONE BILLION POUNDS OF DEBT TO ODA
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 07134 051532Z

THAT RESULTS IN ABOUT 50 MILLION POUNDS ANNUAL INTEREST PAYMENT. BASED ON PAST EXPERIENCE, ODM OFFICIALS HAVE TAKEN A HIGHLY SYMPATHETIC AND ALMOST PROPRIETARY INTEREST TOWARDS INDIAN SUBCONTINENT COUNTRIES. THEY PROBABLY ARE URGING MRS. HART AND HM TREASURY TO AGREE ON RTA IN A WAY THAT WOULD BE AS FAVORABLE AS POSSIBLE TO PAKISTAN AND INDIA. SHOULD THE U.K. DECISION BE AGAINST RTA, THE SAME ODM OFFICIALS CAN BE EXPECTED TO ARGUE STRONGLY FOR THE MOST FAVORABLE POSSIBLE RESCHEDULING TERMS FOR PAKISTAN. HM TREASURY WOULD UNDOUBTEDLY TAKE A HARDER LINE, MORE CONSISTENT WITH THE U.S. POSITION.

BREWSTER

CONFIDENTIAL

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBTS, NEGOTIATIONS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON07134
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780193-0220
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780589/aaaacydn.tel
Line Count: 108
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 15c9cba3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 109392, 78 LONDON 6897
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2779683
Secure: OPEN
Status: NATIVE
Subject: PAKISTAN REQUEST FOR DEBT RENEGOTIATION
TAGS: EFIN, UK, PK
To: STATE TRSY
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/15c9cba3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014